



THE PROBLEM

Washington's higher education system is feeling the strain as the bad economy pushes more students to return to school and the "baby boom echo" pushes more high school graduates into the college system. More and more students are being turned away and tuition costs continue to rise.

THE SOLUTION

In a shared responsibility approach, define clear goals for students, institutions and the state. Articulate a purpose for Washington's higher education system that is responsive, yet measurable. Hold students and institutions more accountable for results that lead to attainment of the stated goals.

BACKGROUND

The tough economy has reduced supply (capacity) but demographics increased demand. Enrollment opportunities at Washington's public colleges and universities remained flat, or declined, over the last two years. At the same time, more high school graduates applied for college than in previous years. The demand for access to higher education opportunities grows each year and will peak in 2008, when the largest graduating class in state history leaves the K-12 system.

Over the last couple of years, state appropriations to colleges and universities have declined as Washington struggled with significant revenue shortfalls brought on by the recession. As a result, there has been a shift in the share of the cost of education the state pays and the share students and families pay. Students and families now pay a greater share of the residential undergraduate cost of instruction than at any other time in state history.

Capacity: Enrollment

- In the fall of 2002, there were about 288,000 students (head count) enrolled in Washington's public colleges and universities.
- The state will need to provide funding for 33,600 new enrollment slots by 2010 to maintain opportunities for the current percentage of the population that seeks access to state colleges and universities. *This percentage is called the participation rate.*
- In the 2002-03 academic year, Washington's four-year universities enrolled about 4,200 more students than the state provided money for. During the same time, the community colleges enrolled about 11,500 more students than budgeted. *These students are called overenrollments.* Institutions are permitted to do this, but must support "overenrolled" students with just the tuition and fees these students pay; they receive no state subsidy.

Costs: Tuition and State Support

- Resident undergraduate tuition and fees for the 2003-04 academic year at Washington's flagship universities is about \$4,863. For this type of institution, this tuition rate ranks Washington 25th among all other state's flagships.
 - Average tuition and fees for a resident undergraduate at Washington's regional colleges in 2003-04 for is \$3,700. This rate ranks Washington 28th in the nation.
 - Average tuition and fees for resident students at our community colleges in 2003-04 is \$2,142. This rate ranks Washington 22nd in the nation.
- Since 1990, state support for each higher education student has dropped by \$1,693, from \$9,193 to \$7,500, when adjusted for inflation.

- In the 1992-93 school year families paid about 33 percent of the undergraduate instructional cost at a state research university and 23 percent of the cost at a community or technical college.
 - In the 2002-03 school year, students and families paid nearly 47 percent of the cost of undergraduate instruction at a state research university and 33.3 percent of the cost at a community or technical college.
 - In 2004-05, it is estimated that students at a public research university will pay 51 percent of the cost of instruction through tuition and fees while community and technical college students will pay 38 percent of the cost of instruction.

Financial Aid:

- The long-standing center piece of Washington's financial aid system is the State Need Grant (SNG).
 - The SNG program helps the state's lowest-income undergraduate students pursue degrees and retrain for new careers. To be eligible, a student's family income cannot exceed 55 percent of the state's median family income - currently \$36,500 for a family of four.
 - In fiscal year 2004, the program will use about \$112 million in state money and \$2 million in federal money to help more than 53,500 students go to college.
- Created in 1999, the Promise Scholarship program aims to help low- and middle-income families afford a college education. About 27,300 students across Washington state have received the Promise Scholarship. In the 2000-01 school year, the scholarship award was \$1,542, about 94 percent of community college education. This year's scholarship award of \$930 is less than 50 percent the college tuition rate, meaning students and their parents have to pay more for tuition.

Degree attainment:

- There is a strong relationship between the share of the labor force with a degree and a state's per capita income.
 - Washington ranks 33rd among 50 states in bachelor's degrees earned per capita (30.2 degrees earned per 1,000 residents ages 20-29 years old in 2000; U.S. average is 32.3 per 1,000 residents).
 - Washington ranks 6th nationally in the number of associate's degrees earned (15.6 per 1,000 residents ages 20-34 in 2000; U.S. average is 9.6 per 1,000 residents).
- In December 2003, the HEC Board released the interim plan for the 2004 Strategic Master Plan for Higher Education. The plan will be presented to the 2004 Legislature for review. The final plan will be released in summer 2004. Key recommendations made in the plan include:
 - Increase by about 20 percent the total number of students who earn college degrees and complete job training each year.
 - Expand opportunities in high-demand fields whose graduates meet the needs of Washington businesses and communities.
 - Increase state funding for university research to support innovative strategies to address regional and statewide challenges.
 - Improve higher education efficiency, and provide colleges with flexible management and service delivery options to fulfill their missions and meet public expectations.

2003 WINS

In 2003, Senate Republicans supported several measures and budget items approved by the Legislature that benefit higher education in Washington:

❖ A record \$358 million in new capital construction bonds was included in the 2003-05 capital construction budget. According to the State Board for Community and Technical Colleges (SBCTC), the Legislature funded nearly its entire priority list.

❖ \$20.9 million in increased funding for high-demand/high-cost programs (\$12.6 million to the SBCTC, \$8.3 million to the HEC Board) was provided in the 2003-05 state operating budget. This funding is meant to increase the capacity of colleges and universities to deliver training and degree programs in high-demand fields.

❖ \$26.1 million was added to the State Need Grant program to support the newly enrolled and to make sure those who currently receive these grants are not affected by tuition increases authorized by the Legislature.

❖ State merit and vocational excellence scholarships were restored to full-tuition grants.

❖ Public universities and the SBCTC must adopt policies ensuring students complete their degree in a timely manner. Schools have the option of imposing a tuition surcharge on students who have earned more than 125 percent of the credits needed for a degree. (In September, the University of Washington announced it was cutting off financial aid to undergraduates who stay longer than five years. Seniors who have enough credits but don't graduate won't be allowed to register unless a graduation plan is filed.

❖ Public universities and the SBCTC can set tuition rates for graduate, out-of-state and professional students between 2003 and 2009, with the Legislature retaining authority to set tuition rates for resident undergraduates.

2004 GOALS

- Because the budget situation remains weak, maintain last sessions course:
 - Provide targeted enrollment increases in high demand fields.
 - If possible, provide new general enrollment funding to increase capacity and address some current over-enrollments.
 - Ensure financial aid protects students currently receiving grants and scholarships from being affected by tuition increases.
- As per Section 2(7) of ESHB 2076, through a concurrent resolution and public hearing process, we should approve or recommend changes to the interim higher education strategic master plan as proposed by the Higher Education Coordinating Board in December of 2003.
- In the spirit of finding innovative solutions to address the complex problems facing the state's higher education system, we should continue the discussion and development of performance contracts as per the ongoing work relevant to SHB 2111.